

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BELLSOUTH)	
TELECOMMUNICATIONS, INC., D/B/A)	CASE NO.
SOUTH CENTRAL BELL TELEPHONE COMPANY)	94-121
TO MODIFY ITS METHOD OF REGULATION)	

O R D E R

IT IS ORDERED that BellSouth Telecommunications, Inc. d/b/a South Central Bell Telephone Company ("South Central Bell") shall file the original and 10 copies of the following information with the Commission on or before June 6, 1994, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will respond to questions relating to the information provided. Ensure that copied material is legible. When applicable, the information requested should be provided separately for total company operations and jurisdictional operations.

Preface

In order to determine the reasonableness of South Central Bell's proposal to phase out touch-tone charges and reduce intrastate access, the Commission finds that it is appropriate to establish South Central Bell's current financial condition based on a test period. At this point, South Central Bell has not suggested

a test period, but the Commission finds that the calendar year 1993, or a 12-month period ending subsequent to 1993, should be used. The selected period should be consistently applied in responding to the following questions.

1. a. For the test period provide the net operating income based on a range of equity returns from 10-14 percent at one percent intervals using jurisdictional capitalization and debt costs as defined in other responses of this data request.

b. At the same intervals, show the revenue sufficiency or deficiency incorporating standard adjustments and normalized test-period net operating incomes as determined in other responses. Standard adjustments are defined as BellSouth Advertising and Publishing Company ("BAPCO"), concessions, lobbying activities, contributions and donations, social or service organization memberships, institutional advertising as defined by 807 KAR 5:016, and other disallowances not properly chargeable to net operating income.

c. Using normalized net operating income adjusted for the proposed reductions to access and touch tone, determine adjusted return on equity.

2. The Revised Incentive Plan expires at the end of May 1994. Will South Central Bell agree to another point-of-test filing in the event that no decision can be reached in this case by December 1, 1994?

3. If South Central Bell's proposal is rejected and the Revised Incentive Plan is continued, what recommendations or

modifications to the plan would South Central Bell propose? Explain fully.

4. a. Provide the rationale for a conversion of South Central Bell's books from the Uniform System of Accounts ("USoA") to Generally Accepted Accounting Principles ("GAAP") for reporting purposes to the Commission.

b. Provide the current income statement in the proposed form, GAAP, and identify the differences from the USoA.

c. How long does South Central Bell propose to use the dual accounting structure - i.e., what is "until no longer deemed necessary"?

5. Compare and contrast the Price Cap Plan filed in Kentucky with the major points and conditions of those filed in other states by BellSouth. Provide copies of price-cap plans filed in other BellSouth jurisdictions. Also, provide details of Alternative Regulatory Plans that have been proposed or are in use in other BellSouth states.

6. Provide a copy of the price cap plan under which BellSouth operates at the Federal Communications Commission.

7. Provide a copy of all data requests from and the replies to the Louisiana Commission regarding the rate cap plan filed in that jurisdiction.

8. Describe in detail the procedural history of BellSouth's price cap filing in Florida from the date of filing until today.

9. Explain in detail each new debt financing and refinancing of South Central Bell occurring since the adoption of the new USoA.

At a minimum, give the amount refinanced, old interest rate and term, new amount financed, new interest rate and term, and accounting treatment with applicable journal entries of any unamortized premium or discount and issuance costs.

10. Provide a projection of earnings for South Central Bell for the present year and each year through 1999.

11. Provide a copy of South Central Bell's Strategic Plan.

12. Complete all attached schedules for the test period, the 12 months immediately preceding the test period, and the calendar year preceding the test period, unless otherwise indicated on the schedules.

13. Provide the detailed workpapers showing calculations supporting all adjustments made to test-period revenue, expense, investment, and reserve accounts to arrive at normalized levels used in determining revenue requirements. Explain in detail why each adjustment was required. Explain completely all components used in each calculation, including the methodology used and all assumptions applied in the derivation of each adjustment. Index each calculation to the proposed adjustment which it supports.

14. For each of the 12 months in the test period, list any revenues reserved or deferred, the month they were deferred or reserved, and the reason for the deferral or reserve. Also list revenues which were reversed from a deferral or reserve account which were not originally recorded in the test period. Provide a copy of all journal entries affecting revenue accounts during the test period.

15. a. Provide a schedule in comparative form showing the total Kentucky and Kentucky jurisdictional operating expense account balances for the test period, the 12 months preceding the test period, and the calendar year preceding the test period for each account or subaccount included in South Central Bell's annual report. List the percentage increase of each year over the prior year.

b. Provide a schedule in comparative form listing the total Kentucky and Kentucky jurisdictional revenue accounts for the 12 months of the test period, the 12 months preceding the test period, and the calendar year preceding the test period.

16. Provide an analysis of other operating taxes for the test period, the 12 months preceding the test period, and the calendar year preceding the test period.

17. Provide all workpapers supporting Schedules C-6, C-7, C-8, C-8.1, C-8.2 and C-9. At a minimum, the workpapers should show the date, vendor, dollar amount, voucher number, and a description of each expenditure that individually exceeds \$500.

18. Provide the dollar amount of employee concession telephone service for the 12 months of the test period. Include any individual, organization, or group receiving free or reduced service. Include any concession service provided to others who are not Kentucky employees of South Central Bell.

19. Provide a detailed monthly income statement on a Kentucky combined and Kentucky jurisdictional basis for each month after the

test period, including the month in which the hearing ends, as the information becomes available.

20. Provide a calculation of the average (13-month) and the end-of-period debt and equity ratio, the average (13-month) and end-of-period composite interest cost, and preferred stock cost for the 12 months of the test period for the parent company and for the consolidated companies including all subsidiaries. Provide this information on the appropriate schedules and formats attached.

21. Provide one copy of all computer diskettes which contain formal exhibits and workpapers in support of the filings in this proceeding and any workpapers supporting adjustments in this proceeding.

22. a. Provide on a total Kentucky and Kentucky jurisdictional basis a determination of rate base and capitalization (including Job Development Investment Credit) at the end of the test period using criteria specified in past Orders of the Commission with supporting documentation and workpapers.

b. Reconcile any difference between the level of rate base and capitalization for the total Kentucky and Kentucky jurisdictional amounts.

23. Provide the capital structure at the end of each of the periods as shown in Format 1.

24. a. Provide a list of all outstanding issues of long-term debt as of the end of the latest calendar year with the related information as shown in Format 2a. Report in Column (k) of Format 2a the actual dollar amount of debt cost for the year.

Compute the actual and annualized composite debt cost rates and report them in Column (j) of Format 2a.

b. Provide an analysis of end-of-period, short-term debt and a calculation of the average, and end-of-period cost as shown in Format 2b.

25. Provide a list of all outstanding issues of preferred stock as of the end of the latest calendar year as shown in Format 3. Report in Column (h) of Format 3 the actual dollar amount of preferred stock cost accrued or paid during the year. Compute the actual and annualized preferred stock cost and report the results in Column (g) of Format 3.

26. a. List all common stock issued in the primary market during the most recent 5-year period as shown in Format 4a.

b. Provide the common stock information on a quarterly and yearly basis for the most recent 5 calendar years available, and through the latest available quarter as shown in Format 4b.

c. Provide monthly market price figures for common stock for each month during the most recent 5 calendar years and for the months through the date the application was filed. List all stock splits and stock dividends by date and type.

27. Provide a computation of fixed charge coverage ratios for the 11 most recent calendar years as shown in Format 5.

28. Provide, in comparative form, a total company income statement, a statement of changes in financial position, a statement of cash flows, a statement of changes in owner's equity,

and a balance sheet for the most recent calendar year and the immediately preceding year.

29. Provide a detailed analysis of the retained earnings account for the most recent calendar year and the immediately preceding year.

30. Provide rates of return in Format 32.

31. Provide a calculation of the rate or rates used to capitalize interest during construction for the most recent calendar year and the 3 preceding calendar years. Explain each component used in the calculation of this rate.

32. Why is each service or group of services placed in a particular tier? Discuss relevant technical or service market characteristics, sources of actual or impending service competition, and the importance of network configuration.

33. Explain the criteria that will be used to move any particular service from one service tier to another.

a. If no criteria exist, explain how these decisions will be made.

b. Explain whether the degree of market competition facing a particular service should be a critical factor in the decision to allow service matriculation between tiers.

34. Compare the rationale and criteria for moving a service between service tiers to those upon which a petition for reduced regulation under KRS 278.512 and 278.514 would be based.

35. Explain how the pricing strategy and methodology will differ between services exempted pursuant to KRS 278.512 and

278.514 and services in either the interconnection or non-basic tiers.

36. Revenue derived from services exempted from regulation pursuant to KRS 278.512 and 278.514 goes "below the line" and flows to stockholders. Do increased revenues derived from non-basic services stay "above the line," while not increasing support of basic services, but nonetheless flowing to stockholders? Explain.

37. Consider the services placed in either the interconnection or non-basic tier.

a. As long as the Service Price Index ("SPI") is less than or equal to the Price Regulation Index ("PRI"), does the ability to meet competition mean that South Central Bell may charge different prices for the same service to different customers? Explain.

b. Can this be done now through special contract? If so, what is the advantage of the plan over current regulatory procedure? Explain.

38. Can shortrun returns be enhanced by allowing the quality of service to decline (lower costs)? For non-basic services for which there is not a high degree of competition, explain the safeguards which will prevent a deterioration of service quality.

39. Refer to Exhibit FLG-1, page 6. The Gross Domestic Product-Price Index ("GDP-PI") is the inflation index which will be the benchmark for basic and interconnection service tier rate increases. Are there elements of the GDP-PI which are not related to providing telephone service? Explain. Is there another

inflation measure which more accurately reflects increases in the cost of providing basic telephone service?

40. Could the real cost of providing local service decline at the same time South Central Bell is increasing local rates consistent with the GDP-PI? If no, why not?

41. Could inflation as measured by the GDP-PI differ substantially from inflation (or deflation) relative to telecommunications services and products in the future? If so, what other measures could be considered for use in a price cap plan, and what are their potential benefits or drawbacks?

42. Refer to Exhibit FLG-1 at page 6. Explain why SCB would want to defer a price increase in the basic service tier.

43. Refer to Section 8, pages 8 and 9 of Exhibit FLG-1.

a. Does an "SPI warranted increase" mean that within a service tier there could be simultaneous rate increases and decreases, as long as there is a net increase in the SPI?

b. How does this eliminate the potential for cross subsidy within a service tier? Explain.

44. Within the interconnection and non-basic service tiers, each service faces varying degrees of market competition. Bearing in mind that services are still tariffed under the proposed plan:

a. Are various services frequently grouped into service packages and offered to customers?

b. Will these service packages necessarily vary between customers, depending upon specific customer requirements? Explain.

c. Does market competition, as it relates to meeting specific customer requirements, occur using package pricing as opposed to individual pricing? Explain.

d. Given the pricing latitude allowed within a service tier, what prevents South Central Bell from following some form of Ramsey pricing?

e. Given that service packages will be comprised of individual services with varying degrees of competition, is some form of Ramsey pricing necessarily detrimental as long as customer needs (and competition) are being met?

45. Do any institutional barriers place South Central Bell at a competitive disadvantage to its competitors? List each barrier and explain any technical characteristics, marketing abilities (including perceived cross price subsidization between services), different regulatory requirements, regulatory induced cost advantages (LECs receive NTS payments to cover costs which are not present for competitors), or other factors which may allow competitors to price their services below South Central Bell's, despite its best efforts.

46. Refer to Exhibit FLG-1, Section 6C, page 8 of 20. Explain what terms and conditions for services (other than price) South Central Bell may set to meet competition. Are these terms and conditions flexible, such that South Central Bell may be better able to compete on a nonprice basis? Explain.

47. Refer to Exhibit FLG-1, Section 6A, pages 5-7 of 20.

a. Is the 3.3 percent inflation threshold analogous to a productivity offset, such that for a change in the GDP-PI between 0 percent and 3.3 percent, the PRI change equals 0 percent? Explain.

b. Explain the basis for choosing a 3.3 percent productivity offset.

c. Explain the derivation of the 3.3 percent productivity offset.

d. Explain why the 3.3 percent productivity offset is only employed for changes in the GDP-PI between 0 percent and 3.3 percent. Would it be appropriate, for example, for a 5.0 percent change in the inflation index to translate into a 1.7 percent change in the PRI? Explain the rationale for not employing the productivity offset for higher inflation rates.

48. a. On page 3 at lines 22 and 23, Margaret Greene testifies that basic individual residential line service rates will be frozen until May 31, 1997 and carefully controlled thereafter. Explain how South Central Bell can control these rates if they are pegged to rise each year thereafter at the rate of GDP-PI.

b. If inflation increases rapidly, could captive local ratepayers face annual rate increases of 8-10 percent or even more? If no, explain.

49. On page 10, at lines 3 and 4, Margaret Greene testifies that cable television providers, competitive access providers, interexchange carriers, and power companies are mentioned as possible competitors in providing local service. Should these

entities that wish to enter the local market be subject to traditional regulation in the local market? It no, why not?

50. At pages 10 and 11, Margaret Greene testifies concerning the de minimus rule. Should the Commission require American Communications Services of Louisville, Inc., to compensate authorized intrastate carriers for the 89 percent intrastate traffic that they carry? If no, why not?

51. With regard to local rate increases after May 31, 1997, could South Central Bell lower its rates on competitive services by the same percentage that it raises local service rates? Would this allow South Central Bell to be more competitive or even dominant in some areas by exerting pressure to increase local rates? If no, explain.

52. On page 23, line 3 through 10, Margaret Greene testifies that a new regulatory framework is needed to "ensure increased efficiencies are passed on to customers." Does this mean cost savings, and if so, how will captive local service ratepayers realize savings if their rates are automatically raised based upon the GDP-PI?

53. On page 2, at lines 16 through 20 of Fred Gerwing's testimony, he states that local exchange service will be directly regulated. How can the Commission regulate local service rates if it cannot influence increases in the GDP-PI?

54. Would the company allow the Commission to monitor its operations annually rather than biannually? If no, why not?

55. Does the company intend to abandon "Part 32" in favor of GAAP? If yes, has the company been granted a deviation by the Federal Communications Commission? If no, why should the Commission embrace such a change?

56. a. Is the Company currently subject to cost allocation rules and manuals at the federal level?

b. Are cost allocation manuals designed to assign costs and investment between truly deregulated and regulated ventures rather than to stop cross subsidies between competitive and noncompetitive regulated services?

57. Will the rate cap plan preclude "captive" local ratepayers from receiving another rate decrease in basic local service rates in the future? If not, explain.

58. According to the testimony of Margaret H. Greene, pages 17 and 18, the Company's proposed price regulation plan "discourages the market entry of inefficient telecommunications service providers." Why should the Commission discourage market entry of potential competitors? Explain in detail what is meant by an "inefficient telecommunications service provider," assuming that such a provider can successfully compete with South Central Bell.

59. According to the testimony of Margaret H. Greene, page 23, a rational and progressive new regulatory framework is now needed to: "ensure increased efficiencies are passed on to customers. . . ." Isn't the current plan which includes a sharing mechanism better equipped to ensure that increased efficiencies are passed on to all customers? Is it unlikely that any increased

efficiencies under the proposed price cap plan will be passed on to customers for those services listed under the Basic Service Category? If no, explain.

60. Assuming that inflation is 4 percent each year until the end of the "freeze" period on June 1, 1997, calculate (and fully explain) the maximum potential rate increase which may be borne by customers of Basic Residential Individual Line service on June 1, 1997.

61. What has the percentage increase of the Consumer Price Index been since the AT&T divestiture at 1/1/84? What has the percentage increase in South Central Bell of Kentucky's residential rates been since that time? If a statistical measure exists which tracks the price trends in telecommunications goods and services, what has its percentage increase been since that time?

62. Is South Central Bell opposed to any type of sharing mechanism under any conditions? If returns on equity exceed 15 percent, 18 percent, or 20 percent, would some sharing mechanism be appropriate to ensure that increased efficiencies are passed on to customers, or that, at a minimum, customers are protected from rate increases based solely upon the GDP-PI?

63. Provide a list comparing South Central Bell's highest basic service residential rate in Kentucky to those rates for each of the other states in BellSouth's service territory.

64. Is Schedule 1 exhaustive of all services and rates and charges for which South Central Bell has filed tariffs in Kentucky?

If not, identify any services or rates and charges that are not included and explain the omission.

65. Identify the tariff and tariff section(s) where each service listed in Schedule 1 is located.

66. Identify alternatives to South Central Bell for each interconnection and non-basic service listed in Schedule 1. If no alternatives exist, explain why the service should not be considered a basic service.

67. Identify all services and service elements that must be purchased with another service or service element for each interconnection and non-basic service listed in Schedule 1 and explain why any such "bundling" is necessary.

68. Provide copies of all market studies or memoranda on marketing plans for each non-basic service listed in Schedule 1.

69. Is it South Central Bell's position that adoption of its Price Regulation Plan would exempt it from Commission proceedings and actions involving local exchange carriers? In responding to this question, assume for example, that the Commission investigated and decided to phase-out non-traffic sensitive revenue requirement, or investigated and decided to restructure local service rates, or decided to implement intraLATA equal access.

70. What investment commitment, if any, will South Central Bell make to network modernization in conjunction with the Price Regulation Plan? What effect will the Price Regulation Plan have on the development of construction budgets and deployment of new transmission and switching technologies?

71. Is there a technical reason why South Central Bell proposes to eliminate touch tone charges rather than other charges? If yes, what is that reason? If no, what justification exists to eliminate these charges?

72. What is the rationale for phasing-out rather than eliminating touch tone charges on December 1, 1994?

73. What is the revenue effect of eliminating touch tone charges, estimated at each point of reduction and in total?

74. What is the revenue effect of the proposed adjustments to access charges on December 1, 1994?

75. Does South Central Bell intend to mirror interstate access service rates after May 31, 1997?

76. What is the rationale for the 20 percent limit on increases to non-basic services as opposed to some other percentage?

77. What is the rationale for the 90 day limitation on Commission review of changes to service classifications?

78. What is the rationale for annualizing access line and usage demand based on December data as opposed to some other month? In responding to this question, explain whether December is typical or atypical as compared to other months.

Done at Frankfort, Kentucky, this 11th day of May, 1994.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

(Company)
Case No. _____
Overall Financial Summary
For the 12 Months Ended _____

Data: Test Period _____
Type of Filing: ☐ Original ☐ Updated ☐ Revised
Workpaper Reference No(s): _____

Schedule A-1
Page ____ of ____
Witness Responsible: _____

Line No.	Description	Supporting Schedule Reference	Jurisdictional Revenue Requirements
1	Rate Base	B-1	\$
2	Operating Income	C-1	
3	Earned Rate of Return (2 + 1)		
4	Rate of Return	D-1	
5	Required Operating Income (1 x 4)		
6	Operating Income Deficiency (5 - 2)		
7	Gross Revenue Conversion Factor		
8	Revenue Deficiency (6 x 7)		
9	Revenue Increase Requested	C-1	
10	Adjusted Operating Revenues	C-1	
11	Revenue Requirements (9 + 10)		
12	Other Items (Specify)		

(Company)
Case No. _____
Jurisdictional Rate Base Summary
As of _____

Data: Test Period _____
Type of Filing: ☐ Original ☐ Updated ☐ Revised
Workpaper Reference No(s): _____

Schedule B-1
Page ____ of ____
Witness Responsible: _____

Line No.	Rate Base Component	Supporting Schedule Reference	Company Proposed Amount
1	Plant in Service		\$
2	Property Held for Future Use		
3	Plant Acquisition Adjustments		
4	Accumulated Depreciation and Amortization		()
5	Net Plant in Service (1 thru 4)		
6	Construction Work in Progress		
7	Cash Working Capital Allowance		
8	Other Working Capital Allowances		
9	Contributions in Aid of Construction		()
10	Deferred Income Taxes and Investment Tax Credits		
11	Other Items (List)		_____
12	Jurisdictional Rate Base (5 thru 11)		\$ _____

(Company)
Case No. _____
Jurisdictional Operating Income Summary
For the 12 Months Ended _____

Data: Test Period
Type of Filing: ___ Original ___ Updated ___ Revised
Workpaper Reference No(s).: _____

Schedule C-1
Page ___ of ___
Witness Responsible: _____

Line No.	Description	Return at Current Rates	Proposed Increase	Return at Proposed Rates
	Operating Revenues	\$	\$	\$
	<u>Operating Expenses</u>			
	Operating Expenses Before Income Taxes			
	State Income Taxes			
	Federal Income Taxes			
	Total Operating Expenses	\$	\$	\$
	INCOME AVAILABLE FOR FIXED CHARGES	\$	\$	\$
	RATE BASE	\$	\$	\$
	RATE OF RETURN			

(Company)
Case No. _____
Jurisdictional Adjusted Operating Income Statement
For the 12 Months Ended _____

Data: Test Period
Type of Filing: ___Original ___Updated ___Revised
Workpaper Reference No(s).: _____

Schedule C-2
Page ___ of ___
Witness Responsible: _____

Line No.	Major Account or Group Classification	Unadjusted Revenues & Expenses	Adjustments	Schedule Reference	Adjusted Revenue & Expenses
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(Company)

Case No. _____

Operating Revenues and Expenses by Accounts - Jurisdictional
For the 12 Months Ended _____

Data: Test Period

Type of Filing: ___Original ___Updated ___Revised

Workpaper Reference No(s): _____

Schedule C-2.1

Page ___ of ___

Witness Responsible: _____

Line No.	Account Title	Unadjusted Total Company (1)	Jurisdic- tional % (2)	Unadjusted Jurisdiction (3)	Jurisdictional Method/ Description (4)
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(Company)
Case No. _____
Comparison of Total Company Account Balances
For the 12 Months Ended _____

Data: Test Period
Type of Filing: ___ Original ___ Updated ___ Revised
Workpaper Reference No(s): _____

Schedule C-2.2
Page ___ of ___
Witness Responsible: _____

Account Title and Account Number	1st Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12th Month	Total	% Change
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Test Period
Prior Period
Increase
(Decrease)

Case No. _____

For the 12 Months Ended _____

Type of Filing: ☒ Original ☐ Updated ☐ Revised

Schedule C-3

Page ____ of ____

Witness Responsible:

[illegible]

(Company)
Case No. _____
Social and Service Club Dues
For the 12 Months Ended _____

Data: Test Period
Type of Filing: ___Original ___Updated ___Revised
Workpaper Reference No(s): _____

Schedule C-6
Page ___ of ___
Witness Responsible: _____

Line No.	Account No.	Social Organization/ Service Club	Total Utility	Jurisdictional %	Jurisdiction
			\$		\$

(Company)
Case No. _____
Charitable Contributions
For the 12 Months Ended _____

Data: Test Period
Type of Filing: ___Original ___Updated ___Revised
Workpaper Reference No(s):.1 _____

Schedule C-7
Page ___ of ___
Witness Responsible: _____

Line No.	Account No.	Charitable Organization	Total Utility	Jurisdictional %	Jurisdiction
			\$		\$

(Company)
Case No. _____
Marketing Expense*
For the 12 Months Ended _____

Data: Test Period
Type of Filing: ___Original ___Updated ___Revised
Workpaper Reference No(s): _____

Schedule C-8
Page ___ of ___
Witness Responsible: _____

Line No.	Account No.	Description of Expenses	Total Utility	Jurisdictional %	Jurisdiction
	6611	Product Management			
	6612	Sales			
	6623	Customer Services			
	6722	External Relations			
	6613	Product Advertising			
	6540	Access Expenses			

*This schedule applies to telephone companies only.

(Company)
Case No. _____
Advertising
For the 12 Months Ended _____

Data: Test Period
Type of Filing: ___Original ___Updated ___Revised
Workpaper Reference No(s).: _____

Schedule C-8.1
Page ___ of ___
Witness Responsible: _____

Line No.	Item (A)	Sales or Promotional Advertising (B)	Institutional Advertising (C)	Conservation Advertising (D)	Rate Case (E)	Other (F)	Total (G)
1.	Newspaper						
2.	Magazines and Other						
3.	Television						
4.	Radio						
5.	Direct Mail						
6.	Sales Aids						
7.	Total						

(Company)
Case No. _____
Professional Service Expenses
For the 12 Months Ended _____

Data: Test Period _____
Type of Filing: ___Original ___Updated ___Revised
Workpaper Reference No(s): _____

Schedule C-8.2
Page ___ of ___
Witness Responsible: _____

Line No.	Description	Expense Breakdown			Total Company Unadjusted	Jurisdic- tional %	Jurisdic- tional Unadjusted	Adjustments	Jurisdic- tional Adjusted
		Rate Case	Annual Audit	Other					
1.	Legal								
2.	Engineering								
3.	Accounting								
4.	Other								
5.	TOTAL								

(Company)
Case No. _____
Civic, Political and Related Activities
For the 12 Months Ended _____

Data: Test Period
Type of Filing: ___Original ___Updated ___Revised
Workpaper Reference No(s).: _____

Schedule C-9
Page ___ of ___
Witness Responsible: _____

Line No.	Item (A)	Amount (B)
1.	Donations	
2.	Civic Activities	
3.	Political Activities	
4.	Other	
5.	Total	

(Company)
Case No. _____
Cost of Capital Summary

Data: Test Period _____
Date of Capital Structure: _____
Type of Filing: ☐ Original ☐ Updated ☐ Revised
Workpaper Reference No(s): _____

Schedule D-1
Page 1 of 1
Witness Responsible: _____

Line No.	Class of Capital	Reference	(\$) Amount	% of Total	(\$) Cost	Weighted Cost (%)
1	Long-Term Debt	D-3				
2	Preferred Stock	D-4				
3	Common Equity	_____	_____	_____		_____
4	Total Capital	=====	=====	=====		=====

<p style="text-align: center;">COMPANY NAME CASE NO. _____</p> <p style="text-align: center;">Comparative Capital Structures (Excluding JDIC) For the Periods as Shown "000 Omitted"</p>													
Line No.	Type of Capital	10th Year		9th Year		8th Year		7th Year		6th Year		5th Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
1.	Long-Term Debt												
2.	Short-Term Debt												
3.	Preferred & Preference Stock												
4.	Common Equity												
5.	Other (Itemize by type)												
6.	Total Capitalization												

Line No.	Type of Capital	4th Year		3th Year		2nd Year		1st Year		Latest Available Calendar Year		Latest Available Quarter		Average Latest Calendar Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
1.	Long-Term Debt														
2.	Short-Term Debt														
3.	Preferred & Preference Stock														
4.	Common Equity														
5.	Other (Itemize by type)														
6.	Total Capitalization														

Instructions: 1. Provide a calculation of the average year data as shown in Format 1, Schedule 2.

2. If the applicant is a member of an affiliated group, the above data is to be provided for the parent company and the system consolidated.

COMPANY NAME _____

CASE NO. _____

Calculation of Average Latest Calendar Period Capital Structure
12 Months Ended _____

"000 Omitted"

Line No.	Item (a)	Total Capital (b)	Long-Term Debt (c)	Short-Term Debt (d)	Preferred Stock (e)	Common Stock (f)	Retained Earnings (g)	Total Common Equity (h)
1.	Balance Beginning							
2.	1st Month							
3.	2nd Month							
4.	3th Month							
5.	4th Month							
6.	5th Month							
7.	6th Month							
8.	7th Month							
9.	8th Month							
10.	9th Month							
11.	10th Month							
12.	11th Month							
13.	12th Month							
14.	Total (L1 through L13)							
15.	Average balance (L14 ÷ 13)							
16.	Average capitalization ratios							
17.	End-of-period capitalization ratios							

Instructions: 1. If applicable, provide an additional schedule in the above format excluding common equity in subsidiaries from the total company capital structure. Show the amount of common equity excluded.
2. Include premium on class of stock.

COMPANY NAME
CASE NO. _____

Schedule of Outstanding Long-Term Debt
For the Calendar Year Ended December 31, _____

Line No.	Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Coupon Interest Rate ¹ (e)	Cost Rate at Issue ² (f)	Cost Rate to Maturity ³ (g)	Bond Rating at Time of Issue ⁴ (h)	Type of Obligation (i)	Annualized Cost Col. (d) x Col. (g) (j)	Actual Interest Cost ⁵ (k)
<p>Total Long-Term Debt and Annualized Cost</p> <p>Annualized Cost rate [Total Col. (j) ÷ Total Col. (d)]</p> <p>Actual Long-Term Debt Cost Rate [Total Col. k ÷ Total Reported in Col. (c) Line 15 of Format 1, Schedule 2]</p>											

¹ Nominal Rate

² Nominal Rate Plus Discount of Premium Amortization

³ Nominal Rate Plus Discount or Premium Amortization and Issuance Cost

⁴ Standard and Poor's, Moody, etc.

⁵ Sum of Accrued Interest Amortization of Discount or Premium and Issuance Cost

COMPANY NAME

CASE NO. _____

Schedule of Short-Term Debt

For the Year Ended _____

Line No.	Type of Debt Instrument (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Nominal Interest Rate (e)	Effective Interest Cost Rate (f)	Annualized Interest Cost Col. (d) x Col. (f) (g)
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Total Short-Term Debt

Annualized Cost Rate [Total Col. (g) ÷ Total col. (d)]

Actual Interest Paid or Accrued on Short-Term
Debt during the Year [Report in Col. (g) of this schedule]Average Short-Term Debt - Format 1, Schedule 2
Line 15 Col. (d) [Report in Col. (g) of this schedule]Interest Cost Rate [Actual Interest ÷
Average Short-Term Debt] [Report in Col (f) of this schedule]

1. In all instances where the Effective Interest Cost Rate is different from the Nominal Interest Rate provide a calculation of the effective Interest Cost Rate in sufficient detail to show the items of costs that cause the difference.

COMPANY NAME

CASE NO. _____

Schedule of Outstanding Shares of Preferred Stock

For the Calendar Year Ended December 31, _____

Line No.	Description of Issue (a)	Date of Issue (b)	Amount Sold (c)	Amount Outstanding (d)	Dividend Rate (e)	Cost Rate at Issue (f)	Annualized Cost $\text{Col. (f)} \times \text{Col. (d)}$ (g)	Actual Cost (h)	Convertibility Features (i)
<p>Total</p> <p>Annualized Cost Rate [Total Col. (g) ÷ Total Col. (d)]</p> <p>Actual Cost Rate [Total Col. (h) ÷ Total Reported in Col. (e), Line 15 of Format 1, Schedule 2]</p>									

Instructions:

1. If the applicant has issued no preferred stock, this schedule may be omitted.

COMPANY NAME

Case No. _____

Schedule of Common Stock Issue

For the 5 Year Period Ended _____

DATE OF			Number of Shares Issued	Price Per Share to Public	Price Per Share (Net to Company)	Book value Per Share At Date of Issue	Selling Exps. As % of gross Issue Amount	Net Proceeds to Company
Issue	Announcement	Registration						

Instructions:

1. If applicant is a member of an affiliate group, provide in a separate schedule the above data for the parent company.

COMPANY NAME

CASE NO. _____

**QUARTERLY AND ANNUAL COMMON STOCK INFORMATION
FOR THE PERIODS AS SHOWN**

Period	Average No. of Shares Outstanding (000)	Book Value (\$)	Earnings Per Share (\$)	Dividend Rate Per Share (\$)	Return on Average Common Equity (\$)
5th Calendar Year: 1st Quarter 2nd Quarter 3rd Quarter 4th Quarter Annual					
4th Calendar Year: 1st Quarter 2nd Quarter 3rd Quarter 4th Quarter Annual					
3rd Calendar Year: 1st Quarter 2nd Quarter 3rd Quarter 4th Quarter Annual					
2nd Calendar Year: 1st Quarter 2nd Quarter 3rd Quarter 4th Quarter Annual					
1st Calendar Year: 1st Quarter 2nd Quarter 3rd Quarter 4th Quarter Annual					
Latest					

COMPANY NAME

CASE NO. _____

Computation of Fixed Charge Coverage Ratios

For the Periods as Shown

10th Calendar Year		9th Calendar Year		8th Calendar Year		7th Calendar Year		6th Calendar Year		5th Calendar Year	
Sec Method	Bond or Mortgage Indenture Requirement	Sec Method	Bond or Mortgage Indenture Requirement	Sec Method	Bond or Mortgage Indenture Requirement	Sec Method	Bond or Mortgage Indenture Requirement	Sec Method	Bond or Mortgage Indenture Requirement	Sec Method	Bond or Mortgage Indenture Requirement

No. Item

Net Income

Additions:
Itemize

Total Additions

Deductions:
Itemize

Total Deductions

Income Available for
Fixed Charge Coverage

Fixed Charges

Fixed Charge Coverage
Ratio

COMPANY NAME

CASE NO. _____

Computation of Fixed Charge Coverage Ratios

For the Periods as Shown

4th Calendar Year		3rd Calendar Year		2nd Calendar Year		1st Calendar Year		Latest Available Calendar Year	
Sec Method	Bond or Mortgage Indenture Requirement	Sec Method	Bond or Mortgage Indenture Requirement	Sec Method	Bond or Mortgage Indenture Requirement	Sec Method	Bond or Mortgage Indenture Requirement	Sec Method	Bond or Mortgage Indenture Requirement
<p>No. Item</p> <p>Net Income</p> <p>Additions:</p> <p>Itemize</p> <p>Total Additions</p> <p>Deductions:</p> <p>Itemize</p> <p>Total Deductions</p> <p>Income Available for Fixed Charge Coverage</p> <p>Fixed Charges</p> <p>Fixed Charge Coverage Ratio</p>									

COMPANY NAME _____

CASE NO. _____

Average Rates of Return

For the Calendar Years _____ Through _____

Line No.	Calendar Years Prior to Filing Date (a)	Total Company (b)	Kentucky Jurisdiction (c)	Other Jurisdictions (d)
1.	Original Cost Net Investment:			
2.	5th Year			
3.	4th Year			
4.	3rd Year			
5.	2nd Year			
6.	1st Year			
7.	Original Cost Common Equity:			
8.	5th Year			
9.	4th Year			
10.	3rd Year			
11.	2nd Year			
12.	1st Year			
13.	Test Year			

NOTE: Provide workpapers in support of the above calculations.